

Message Text

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ACTION EB-11

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FM AMEMBASSY BERN

TO SECSTATE WASHDC 7619

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EXCON FOR COMMERCE

E. O. 11652: N/A

TAGS: ETRD, SZ

SUBJECT: REQUEST FROM CONTIFLEX AG

REF: BERN A-190

1. EMBASSY HAS BEEN APPROACHED BY VON ARX OF CONTIFLEX AG, 8700 KUESSNACHT- ZURICH, WHO FACED WITH WHAT HE CONSIDERS INSOLUBLE PROBLEM OF EXPORT CONTROLS. VON ARX DESCRIBED HIS PROBLEM AS FOLLOWS:

A. CONTIFLEX IS DISTRIBUTOR FOR SPERRY RAND DECODER DRIVER DD-700 WITH SWISS AND WEST EUROPEAN CUSTOMERS. DD-700'S DESTINED FOR RESALE OUTSIDE SWITZERLAND ARE IMPORTED INTO BONDED WAREHOUSE ZURICH UNDER FC-843. NO SERIOUS PROBLEMS THAT RESPECT.

B. HOWEVER, SWISS MARKET SALES APPEAR HOPELESSLY BOGGED DOWN IN LICENSING PROBLEMS. ACCORDING TO LETTERS FROM ROY EVANS OF SPERRY INFORMATION DISPLAYS DIVISION OF SCOTTSDALE, ARIZONA, CONTIFLEX MUST SUBMIT SWISS BLUE AND IA-1145 COVERING EACH TRANSACTION IN SWITZERLAND. WE ASSUME SWISS BLUE MAY COVER LARGE QUANTITY DD-700'S BUT IA-1145'S MUST COVER EACH TRANSACTION. CONTIFLEX FEELS THEY WOULD HAVE TO HIRE EXTRA STAFF TO HANDLE COMPLEX PAPERWORK INVOLVED IN SUBMITTING IA-1145'S FOR

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WHAT MAY BE UP TO ONE HUNDRED SEPARATE TRANSACTIONS ON THEIR CURRENT ORDER OF 5000 DD-700' S DESTINED FOR SWISS MARKET. CONTIFLEX READILY ADMITS THAT MOST OF FINAL SWISS PRODUCTS ARE REEXPORTED (MAINLY DIGITAL DISPLAY CLOCKS) BUT THAT THOSE PRODUCTS ARE CERTIFIED SWISS ORIGIN. CONTIFLEX CURRENTLY HAS A PENDING LICENSE APPLICATION FOR 5000 DD-700' S AND HAS APPROXIMATELY 2000 FIRM ORDERS IN SWITZERLAND. THEY STAND TO HAVE CANCELLATIONS IF THEY ARE UNABLE TO DELIVER SOON. ODDLY ENOUGH, CONTIFLEX HAS RECENTLY BOUGHT A FEW HUNDRED IDENTICAL DECODER DRIVERS PRODUCED BY NATIONAL SEMI- CONDUCTORS (WHO ALSO PRODUCES THE SPERRY DD-700 ON CONTRACT) OVER- THE- COUNTER FROM NATIONAL SEMI- CONDUCTORS, SISSACH, SWITZERLAND.

2. WHILE FOREGOING ADMITTEDLY CONVOLUTED, EMBASSY WOULD APPRECIATE EXCON COMMENTS SOONEST ON STATUS THEIR CURRENT LICENSE APPLICATION FOR 5000 DD-700' S. AS INTERIM MEASURE WE HAVE INSTRUCTED CONTIFLEX TO SUBMIT IA-1145 WITH AS MUCH DETAIL AS POSSIBLE ON THEIR CURRENT FIRM (AND IMPATIENT) ORDERS. EMBASSY WOULD ALSO APPRECIATE ADVICE ON POSSIBILITY CONTIFLEX ACQUIRING DISTRIBUTION LICENSE WHICH WOULD ENABLE THEM TO MAKE MORE COMPETITIVE STAND IN SWITZERLAND.
DAVIS

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